

Weaker tone to the dollar

Yesterday, there was a mixed tone to investor sentiment on markets. As earnings season kicked off in earnest in the US, the S&P500 was up 0.8%. Meanwhile, in Europe, the main exchanges were relatively flat for the day. On the currency front, the dollar was slightly weaker.

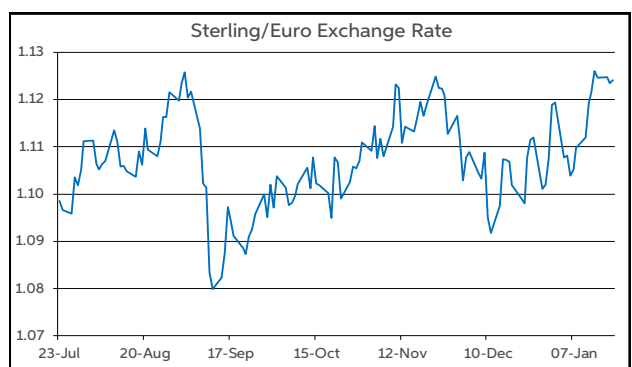
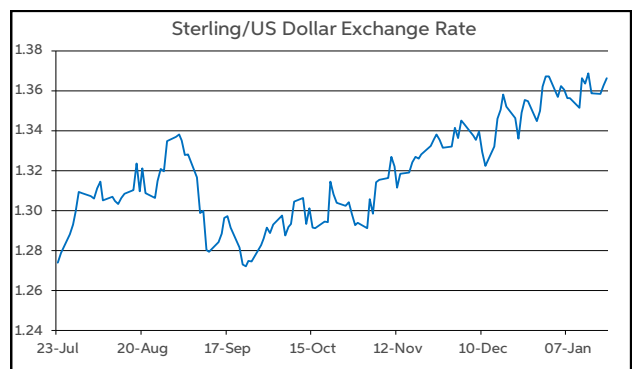
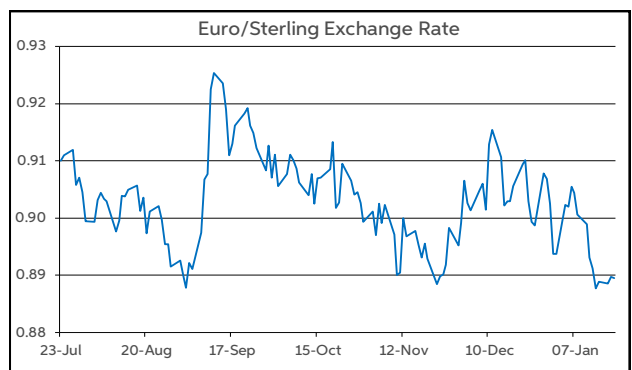
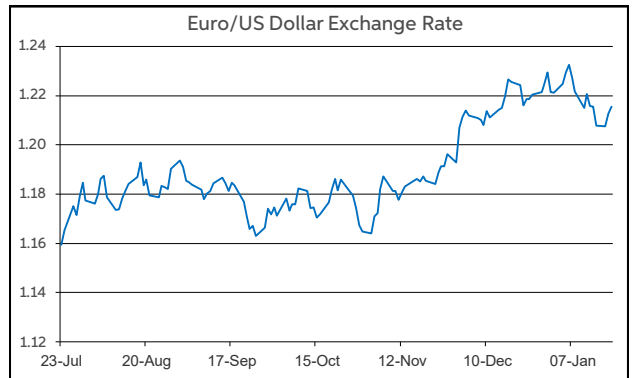
The mood in Europe was not helped by the confirmation that restrictions will remain in place in Germany until the middle of February, to help stem the spread of new variants of Covid-19. Meanwhile, in the US, calls from US Treasury Secretary-elect Yellen for lawmakers to “act big”, in providing fiscal stimulus to support the economy boosted sentiment on Wall Street. Data-wise, the only release of note yesterday was the German ZEW, which printed ahead of expectations at 61.8 (vs. 60 f’cast).

In level terms, the slightly softer tone to the dollar is reflected in EUR/USD opening this morning above the \$1.215 mark. Elsewhere, EUR/GBP continues to operate around the 89p. Cable (GBP/USD) has moved higher into the top half of the \$1.36-1.37 range.

Already this morning, UK CPI inflation was slightly ahead of expectations, rising to 0.6% from 0.3% in January. The core rate moved higher to 1.4%. However, the release has not impacted the pound in early morning trading so far.

Elsewhere today, the Presidential inauguration of Joe Biden will confirm him as the 46th President of the USA. Although, the event itself is unlikely to affect investor sentiment. Thus, an otherwise sparse macro schedule suggests there may be little in the way of new newsflow to provide direction to FX markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2154	0.49	-0.48
EUR/GBP	0.8896	0.09	-0.46
GBP/USD	1.3664	0.41	-0.07
GBP/EUR	1.1238	-0.09	0.46
USD/JPY	103.71	-0.26	0.46
EUR/JPY	126.07	0.23	-0.07

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.13	0.22	0.17	0.22	0.53
EUR	0.00	-0.57	-0.55	-0.53	-0.52	-0.43
GBP	0.10	0.03	0.03	0.00	0.09	0.26

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

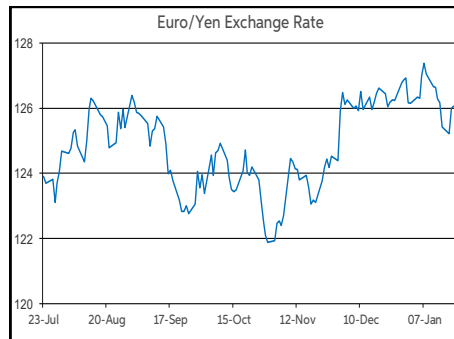
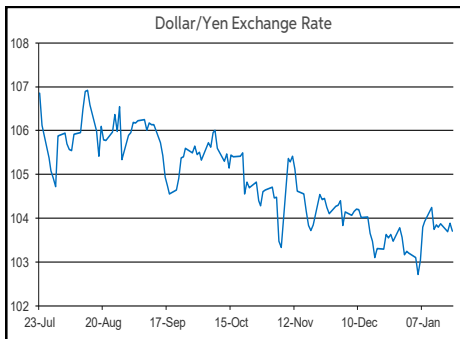
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

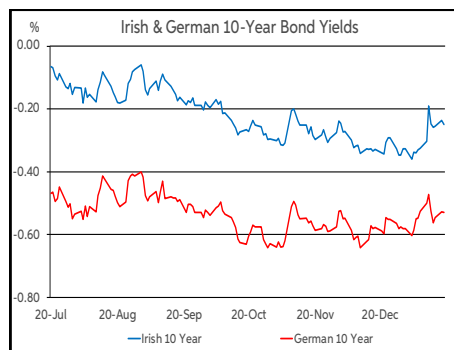
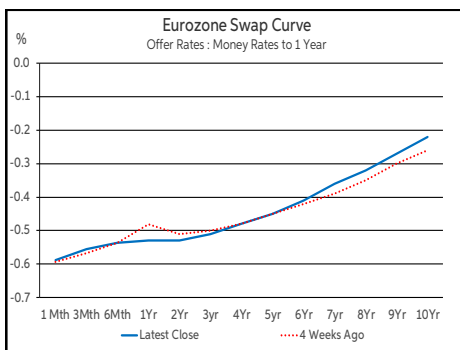
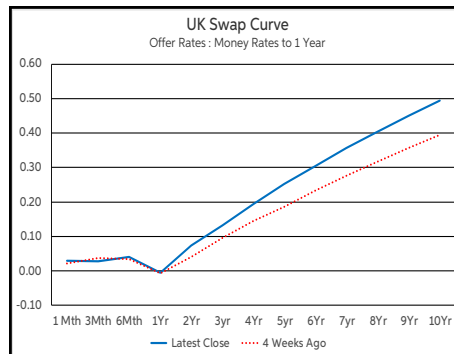
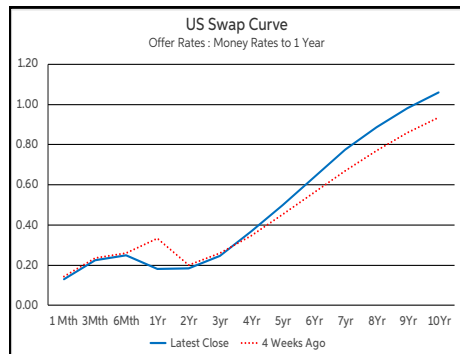
Wednesday 20 January 2021
07:49 am



Euro		Sterling		Dollar	
EUR/GBP	0.8896	GBP/EUR	1.1238	USD/JPY	103.71
EUR/USD	1.2154	GBP/USD	1.3664	USD/CAD	1.2696
EUR/JPY	126.07	GBP/CAD	1.7349	USD/CHF	0.887
EUR/SEK	10.1323	GBP/NZD	1.9123	USD/CNY	6.4667
EUR/DKK	7.4396	GBP/JPY	141.69	USD/BRL	5.3578
EUR/NOK	10.3355	GBP/SEK	11.3882	USD/RUB	73.31
EUR/CHF	1.0783	GBP/DKK	8.3609	USD/INR	73.1
EUR/AUD	1.5713	GBP/NOK	11.6143	AUD/USD	0.7735
EUR/HKD	9.4214	GBP/CHF	1.2119	NZD/USD	0.7142
EUR/CAD	1.5427	GBP/AUD	1.7661		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.09	+1	+17	+18
Germany	-0.53	-0	+6	+5
UK	0.29	+0	+11	+9
5 Year Swap %				
US	0.50	-1	+9	+8
Eurozone	-0.45	+0	+1	+1
UK	0.25	+1	+7	+6
2 Year Swap %				
US	0.19	-2	-1	-1
Eurozone	-0.53	+0	-1	-0
UK	0.07	+0	+4	+5
10 Year Government Bond Spreads to Benchmark bps				
Ireland	31	+0	-0	+4
Belgium	18	+0	-1	-1
France	22	+0	-2	-1
Italy	109	-4	-3	-1
Spain	60	-1	-4	-3
Portugal	54	-2	-10	-10
Greece	121	-1	-5	+1



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	55.9	+2.10	+11.62	+7.92
West Texas Oil	52.87	+1.19	+12.44	+9.35
Gold \$	1839.3	+0.13	-1.09	-3.01

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